



USDA Foreign Agricultural Service

GAIN Report

Global Agriculture Information Network

Template Version 2.09

Required Report - public distribution

Date: 1/29/2007

GAIN Report Number: SF7001

South Africa, Republic of

Citrus

Updated Annual

2007

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Report Highlights:

We estimate that South Africa's 2006/7 fresh citrus productions will remain fairly the same from last year, and fresh citrus exports will stabilize in the near term. The country's citrus fruit industry experienced lower returns in 2005/6, which extended from 2004/5, because exporters continuously supplied the already glutted markets. Lower fruit quality, most significant to grapefruits, also contributed to reduced exports. 2005/6 therefore ended with more fruit sent for juice processing. South Africa's fresh and processing citrus industries are gradually improving their database as more farmers are realizing the need for the country to have reliable and consolidated information.

Includes PSD Changes: Yes
Includes Trade Matrix: Yes
Unscheduled Report
Pretoria [SF1]
[SF]

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"This report updates the previous report (SF6044), to include the latest estimates for CY2006. The CY 2005 production and export figures appearing on the PS&D tables are based primarily on information from the South African Citrus Growers Association (CGA)."

Executive Summary

We forecast that South Africa's fresh citrus production will remain fairly stable in 2006/7, and fresh citrus exports will stabilize in the near term.

In 2005/6, citrus production increased 6% from a year earlier to reach a total 1.6 million MT. 2005/6 resulted in lower returns because of continuously exporting to the already oversupplied markets, like last year. Also because of poor quality crop, exports decreased. The industry therefore advised growers to set their prices before exporting, to assure their returns beforehand. Although this may result in reduced export volumes, it is expected to have a profitable return for every carton of fruit exported.

According to the Citrus Grower Association's annual report, it took the industry about three years to derive accurate, timely, and relevant tree census data after deregulation of marketing boards through the agricultural marketing Act of 1996. However, the industry is still correcting their packed and shipped figures, and are now using the electronic data interchange (EDI) to identify pallets. The Citrus Processing Association is also becoming a stronger organization, with more members feeding the database, to increase reliability. This will be reflected by significant changes in the processing information in the tables in this report.

South African citrus exporters were unable to sell their fruit in China again in 2005/6 because of protocol restrictions. A new protocol is now established and expected to produce more opportunities for the South African exporters.

There were few phytosanitary issues handled in 2005/6, other than the alleged finding of a live quarantine moth in the U.S. consignments that is said to have delayed trade for 10 days.

The South African citrus industry expects to benefit from the expansion of the Maydon Wharf Fruit Terminal in Durban that will cater for specialized fruit. The terminal has the strict contamination protocols expected by importing countries.

Exchange Rate as at January 29, 2007 = 1 US\$ = R7.25

Background

South Africa's citrus season starts in late February and ends in early October. Citrus production regions are; Limpopo, Mpumalanga, the Eastern Cape, the Western Cape, and Kwazulu Natal. Valencia and Navel oranges occupying the major citrus areas, followed by grapefruit, mandarins, and lemons.

South Africa's citrus production regions are the Western Cape, Eastern Cape, Mpumalanga, Limpopo, Northern Cape, Kwazulu Natal, and the North West. A table below shows the citrus production areas in hectares, including production in Swaziland:

CITRUS PRODUCTION AREAS (HA) IN 2005						
DISTRICTS	Soft Citrus	Oranges		Grapefruit	Lemons & Limes	TOTAL
South African areas		Valencia	Navels			
Western Cape	2,610	2,189	3,693	17	923	9,432
Eastern Cape	1,757	3,765	4,944	288	2,075	12,829
Mpumalanga	451	4,919	2,583	2,805	570	11,328
Limpopo	233	11,044	1,246	2,475	751	15,749
Northern Cape	41	161	409	5	28	644
KZN	71	1,061	743	1,729	364	3,968
North West	7	-	-	-	20	27
TOTAL	5,170	23,139	13,618	7,319	4,731	53,977
<i>Swaziland</i>	<i>64</i>	<i>838</i>	<i>43</i>	<i>1,029</i>	<i>100</i>	<i>2,074</i>

Source: Citrus Growers Association

South Africa's citrus farm sizes average about 700 Ha in the Western Cape, and about 2,000 Ha in other regions. Citrus competitors in the Western Cape are wine grapes, followed by rooibos tea and vegetables.

South Africa's peak production period is August, September and October. It takes a maximum of 6 weeks for weak varieties (like easy peelers) and about 11-12 weeks for strong varieties (like Valencia) fruit to transit from tree to export markets. Fruit takes 1-2 weeks from trees to local retail markets.

The Western Cape is South Africa's main supplier of citrus destined for the U.S. market because of its black-spot free status. The Northern Cape was also accredited blackspot free status two years ago, and is expected to slightly increase exports in the coming years.

Production

We expect South Africa's production of fresh citrus to increase by 6% to reach 1.6 million MT in 2005/6.

South Africa's citrus production maintained the 12th largest world producer in 2005, at an average total production of about 1.7 million MT (includes other citrus crop), with the Brazil, China, the US, and Mexico taking the lead. South Africa also became the second largest world citrus exporter, behind Spain with exports totaling 1.3 million MT.

In 2005, South Africa ranked 13th in world production of oranges (at about 1.4 million MT), 12th in world production of lemons (at about 0.32 million MT), 6th in world production of grapefruit (0.36 million MT), and 20th in world production of easy peelers (at about 0.2 million MT).

Production Subcategory

ORANGES

South Africa's total area planted to oranges (Valencia, Navels, and Mid-seasons) reached about 40,000 HA in 2006, with total number of planted trees amounting to 18 million. Total new plantings for oranges reached 2 million trees in 2006.

However, these figures include soft citrus (5,233 Ha) and production areas for Swaziland (945 Ha). The production areas for the two countries are combined because of the production and exports information we receive from CGA that is still not fragmented.

South Africa, Republic of Oranges, Fresh (HECTARES)(1000 TREES)(1000 MT)									
	2004	Revised		2005	Estimate		2006	Forecast	
	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New
Market Year Begin		01/2005	01/2005		01/2006	01/2006		01/2007	01/2007
Area Planted	36350	36350	43,041	36700	36700	40,000	0	36700	40,000
Area Harvested	26670	26670	38,448	26800	26800	38,000	0	26800	38,000
Bearing Trees	11480	11480	16,331	11500	11500	16,000	0	11500	16,000
Non-Bearing Trees	3960	3960	1,951	4000	4000	2,000	0	4000	2,000
Total No. Of Trees	15440	15440	18282	15500	15500	18000	0	15500	18000
Production	1144	1144	1,038	1210	1210	1,130	0	1170	1,100
Imports	8	8	8	10	10	10	0	10	10
Total Supply	1152	1152	1046	1220	1220	1140	0	1180	1110
Exports, Fresh	784	784	710	820	820	730	0	800	730
Fresh Dom. Consumption	243	243	209	260	260	240	0	250	220
For Processing	125	125	127	140	140	170	0	130	160
Total Distribution	1152	1152	1046	1220	1220	1140	0	1180	1110

South Africa, Republic of 60 Degrees Brix Orange Juice (MT)										
	2004	Revised		2005	Estimate		2006	Forecast		UOM
	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New	
Market Year Begin		01/2005	01/2005		01/2006	01/2006		01/2007	01/2007	MM/YYYY
Deliv. To Processors	125000	125000	127,000	140000	140000	170,000	0	130000	160,000	(MT)
Beginning Stocks	6003	6003	6003	2511	2511	2082	2111	2111	2782	(MT)
Production	14000	14000	14,224	16000	16000	19,000	0	15000	17,900	(MT)
Imports	637	637	637	800	800	700	0	720	700	(MT)
Total Supply	20640	20640	20864	19311	19311	21782	2111	17831	21382	(MT)
Exports	10129	10129	10,782	10000	10000	11,000	0	9000	11,000	(MT)
Domestic Consumption	8000	8000	8000	7200	7200	8,000	0	7000	8,000	(MT)

Ending Stocks	2511	2511	2,082	2111	2111	2,782	0	1831	2,382	(MT)
Total Distribution	20640	20640	20864	19311	19311	21782	0	17831	21382	(MT)

Exports and import figures on the table above are totals for HTS 200911, 200919, and 200912.

LEMONS

South Africa, Republic of Lemons, Fresh (HECTARES)(1000 TREES)(1000 MT)										
	2004	Revised		2005	Estimate		2006	Forecast		UOM
	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New	
Market Year Begin		01/2005	01/2005		01/2006	01/2006		01/2007	01/2007	MM/YYYY
Area Planted	3800	3800	4,829	3800	3800	4,850	0	3800	4,850	(HECTARES)
Area Harvested	2670	2670	2670	2670	2670	3,000	0	2670	3,000	(HECTARES)
Bearing Trees	1410	1410	2018	1410	1410	2061	0	1410	2070	(1000 TREES)
Non-Bearing Trees	1200	1200	1270	1200	1200	1300	0	1200	1300	(1000 TREES)
Total No. Of Trees	2610	2610	3288	2610	2610	3361	0	2610	3370	(1000 TREES)
Production	199	199	183	203	203	190	0	203	200	(1000 MT)
Imports	0	0	0	0	0	0	0	0	0	(1000 MT)
Total Supply	199	199	183	203	203	190	0	203	200	(1000 MT)
Exports, Fresh	102	102	98	103	103	100	0	103	100	(1000 MT)
Fresh Dom. Consumption	20	20	30	20	20	30	0	20	30	(1000 MT)
For Processing	77	77	55	80	80	60	0	80	70	(1000 MT)
Total Distribution	199	199	183	203	203	190	0	203	200	(1000 MT)

GRAPEFRUIT

In 2006, total area planted for grapefruit reached about 8,000 HA in South Africa. Newly planted trees totaled 600,000, bringing the total grapefruit trees to 3.1 million.

However, these figures also include production areas for Swaziland (1,029 Ha). As indicated above, the production areas for the two countries are combined because of the production and export information we receive from CGA that is not fragmented.

South Africa, Republic of Grapefruit, Fresh (HECTARES)(1000 TREES)(1000 MT)									
	2004	Revised		2005	Estimate		2006	Forecast	
	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New
Market Year Begin		01/2005	01/2005		01/2006	01/2006		01/2007	01/2007
Area Planted	6900	6900	8,349	6910	6910	8,000	0	0	8,000
Area Harvested	3910	3910	6,920	3990	3990	6,500	0	0	6,600
Bearing Trees	1570	1570	2,657	1600	1600	2,500	0	0	2,500
Non-Bearing Trees	1080	1080	549	1050	1050	600	0	0	600
Total No. Of Trees	2650	2650	3206	2650	2650	3100	0	0	3100
Production	290	290	287	330	330	280	0	310	290
Imports	2	2	2	2	2	2	0	2	0
Total Supply	292	292	289	332	332	282	0	312	290
Exports, Fresh	223	223	223	290	290	137	0	260	220
Fresh Dom. Consumption	7	7	4	10	10	10	0	10	10
For Processing	62	62	62	32	32	135	0	42	60
Total Distribution	292	292	289	332	332	282	0	312	290

Consumption

South Africa's total citrus local consumption is expected to reach 280,000 MT in 2006, a 15% increase from 2005 because of less exports.

PROCESSING

South Africa's citrus processing plants received a total of about 375,000 MT of fruit in 2006, a 49% increase from 2005 because of lower fruit quality especially for grapefruit. A lower demand for fresh fruit in traditional export market also contributed to this shift in sales. Citrus fruit is processed into juice, liquor, oil and cattle feed. Citrus oil, which is used as a base for industrial flavors and perfumes, is extracted from the peel using U.S. imported FMC machines with special centrifuges for maximum extraction. The peel is further processed through drying and used as cattle feed and in making molasses.

Juice concentrates are mainly stored in 200 Litre steel drums or tanks in refrigerated rooms at a temperature of -15 degrees Celsius.

South Africa's processors are expected to comply with the following accreditations: HACCP - for traceability from the farm to the final product; ISO 9001:2000 (SGS) - for quality standards; ISO 18,000 - for food safety, and ISO 14,000 - for environmental safety. Extra accreditations that may be required special markets are SGF -IRMA - a German based quality controlled system; Kosher; and Halaal.

Trade

South Africa's latest 2006 updates for fresh citrus exports reached 0.97 million MT.

South Africa's citrus production is export-oriented; as a result, the industry's main focus is to maintain a good cost competitiveness position, high fruit quality, and knowledge about changes in world market trends. Total exports average about 54% of the total citrus production, while processing and local consumption are about 25% and 21% respectively. Of the total exports, about 70% are Oranges, 16% are Grapefruit, 8% are lemons and limes, and 6% are mandarins.

Citrus exports have special protocols with Japan, the US, South Korea, and Taiwan. The industry is also developing stronger export relations with Thailand, Israel and China.

In 2005/6 South Africa remained the second largest world exporter of fresh citrus, following Spain.

In 2005, markets for South African citrus products were poor in Europe, Japan, Russia, Canada, and the Far East for all fruit because of a worldwide glut. Also, administrative issues became an obstacle that delayed the first citrus exports to China. South Africa's citrus fruit was granted access to the Chinese market in 2004 after four orchards were approved according to phytosanitary protocol. However, few trial containers were shipped during 2004.

However, there is progress with the China protocol, as report dated January 15, 2007 indicates that the Department of Agriculture managed to change the bi-annual pre-inspection visits to South Africa for citrus, and such visits will only be conducted when necessary. Also, two new Chinese ports of entry, namely Guangzhou and Shenzhen, and several South African production units, are added to the protocol.

Trade Subcategory

South Africa, Republic of Oranges, Fresh			
Time Period	Jan-Dec	Units:	MT
Exports for:	2005		2006*
U.S.	35,500	U.S.	36,252
Others		Others	
N.Europe	213,000	China	166,761
M.East	113,600	M.East	145,010
S.Europe	78,100	Asia	72,505
U.K.	78,100	U.K.	72,505
Hong Kong	28,400	Canada	65,254
Canada	21,300	Hong Kong	43,503
Total for Others	532,500		565,538
Others not Listed	142,000		123,259
Grand Total	710,000		725,049

* = Estimates

South Africa, Republic of Lemons, Fresh			
Time Period	Jan-Dec	Units:	MT
Exports for:	2005		2006*
U.S.	1,017	U.S.	2,984
Others		Others	
M.East	28,556	M.East	36,800
N.Europe	22,648	N.Europe	14,919
U.K.	13,786	U.K.	11,935
S.Europe	10,831	S.Europe	7,957
Hong Kong	4,923	Hong Kong	8,951
Japan	6,893	Russia	4,973
E.Europe	2,954	Japan	2,984
Total for Others	90,591		88,519
Others not Listed	6,860		7,956
Grand Total	98,468		99,459

* = Estimates

South Africa, Republic of Grapefruit, Fresh			
Time Period	Jan-Dec	Units:	MT
Exports for:	2005		2006*
U.S.	0	U.S.	0
Others		Others	
Japan	98,120	N.Europe	42,559
N.Europe	64,670	Japan	50,797
U.K.	20,070	U.K.	15,102
S.Europe	17,820	S.Europe	10,983
Far East	6,690	Russia	5,495
Russia	4,460	Far East	2,746
Total for Others	211,830		127,692
Others not Listed	11,170		9,596
Grand Total	223,000		137,288

* = Estimates

Policy

The National Department of Agriculture expects the implementation of two policies, namely; Agriculture Industry Development, and Mentorship to be finalized by the end of 2006. The two policies were developed in consultation with the industry, and they focus on refining the manual skills of the historically disadvantaged groupings.

The Citrus Growers Association called for a review of the Agricultural Marketing Act.

According to the revised regulation for quality assurance, re-inspection for hard citrus should be conducted within 28 days and about 21 days for soft citrus. For more information, please see: <http://www.nda.agric.gov.za>

Marketing

South Africa's fresh citrus prices in the local markets in 2005

Citrus Type	Prices (US\$/MT)
Oranges (Navels & Valencias)	148.47
Soft Citrus	201.60
Grapefruit	198.40
Lemons & Limes	175.97

Source: CGA